



MEFA's Guide to
College Financing

mefa
Massachusetts Educational
Financing Authority

About MEFA

- Not-for-profit state authority created in 1982
- Helping families plan, save, and pay for college
- Keeping you on track with college planning:
 - **MEFA.org**: tools & resources
 - **Emails**: sign up tonight!
 - **Blog**: subscribe online
 - **Facebook & Twitter**: like us and follow us



Agenda

- Types & sources of financial aid
- The application process
- How financial aid decisions are made
- Paying for college
- **Free** resources

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What is Financial Aid?

- Money to help students pay for college
- 3 main types
 - Grants and scholarships (gift aid)
 - Work-Study
 - Student Loans

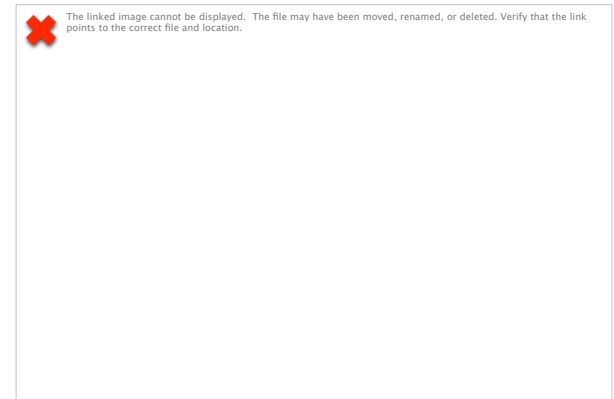
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Sources of Financial Aid

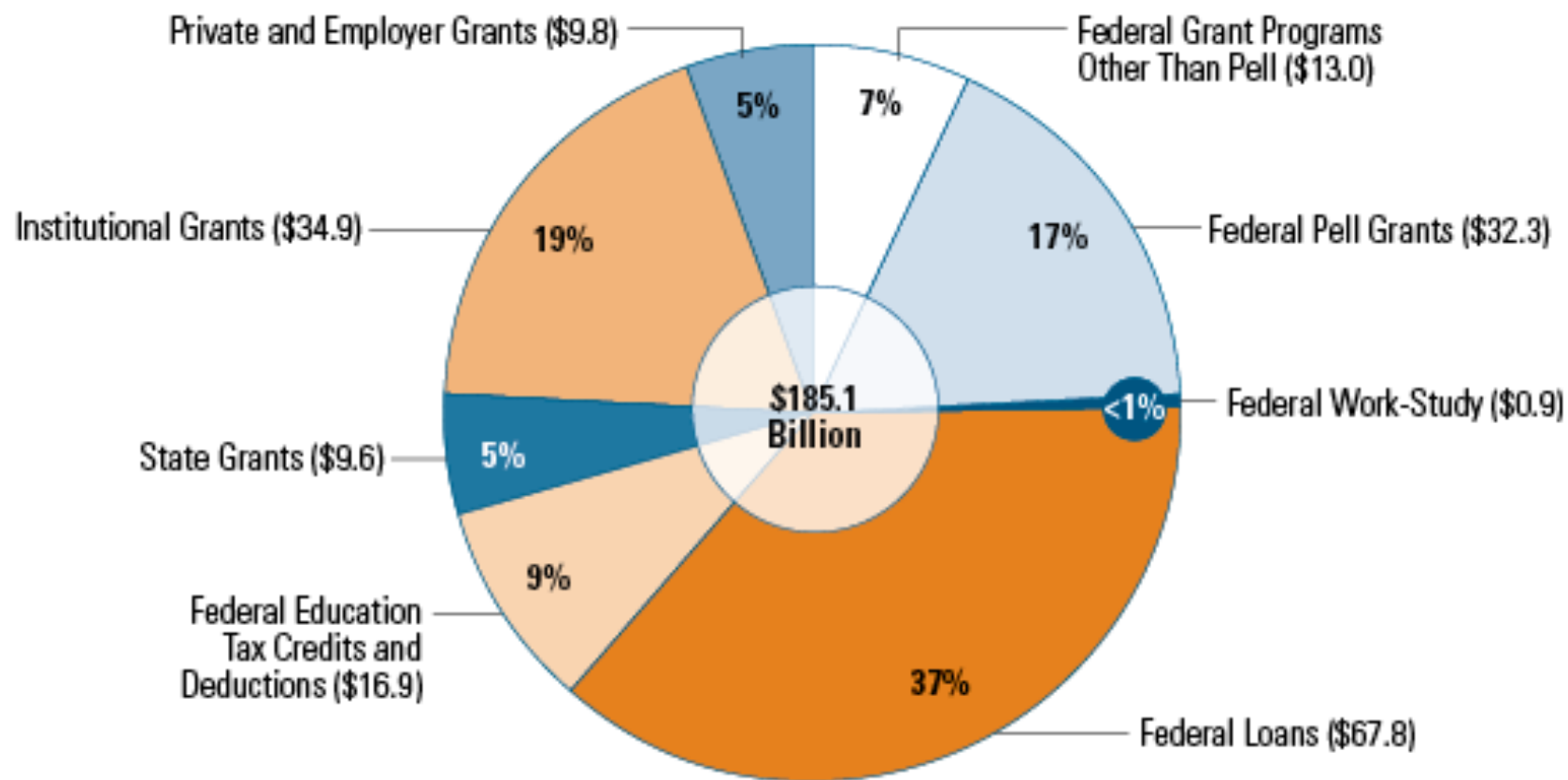
- **Federal**
 - Grants, work-study, loans, tax incentives
- **Massachusetts**
 - Grants, scholarships, tuition waivers, loans
 - **osfa.mass.edu**
- **College/University** (institutional aid)
 - Grants, scholarships, loans
- **Other Agencies**
 - Scholarships, loans

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Financial Aid Breakdown

Undergraduate Student Aid 2012-13 (\$185.1 Billion)



Merit-Based Aid

- Awarded in recognition of student achievements (academic, artistic, athletic, etc.)
- Applicants often compared against one another
- May or may not be renewable
- Not offered at every school

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Need-Based Aid

- Based on family's financial eligibility (“need”)
- Eligibility determined by a standardized formula
- Includes grants, loans, and work-study
- Most financial aid is need-based
- Must meet certain GPA for renewal



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FAFSA

- **Free Application for Federal Student Aid (FAFSA)**
 - Required by **all** colleges for federal and MA state aid
 - Open January 1st: **FAFSA.gov**
 - Meet all deadlines!
 - Sign with a PIN: **PIN.ed.gov**
 - IRS Data Retrieval Tool – available February 1st

**Must be
completed
every year!**

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The screenshot shows the FAFSA website homepage. At the top, it says "Federal Student Aid" and "PROUD SPONSOR of the AMERICAN MIND™". Below this is a navigation bar with icons for Home, About Us, PIN Site, StudentAid.gov, and Help. A search bar is also present. The main heading is "Get help paying for college" with the subtext "Submit a Free Application for Federal Student Aid (FAFSA)". Below this is a banner image showing four diverse students. The page is divided into two main sections: "New to the FAFSA?" and "Returning User?". The "New to the FAFSA?" section has a green button labeled "Start A New FAFSA". The "Returning User?" section has a list of links: "Make a correction", "Add a school", and "View your Student Aid Report (SAR), and more...", along with a green button labeled "Login".

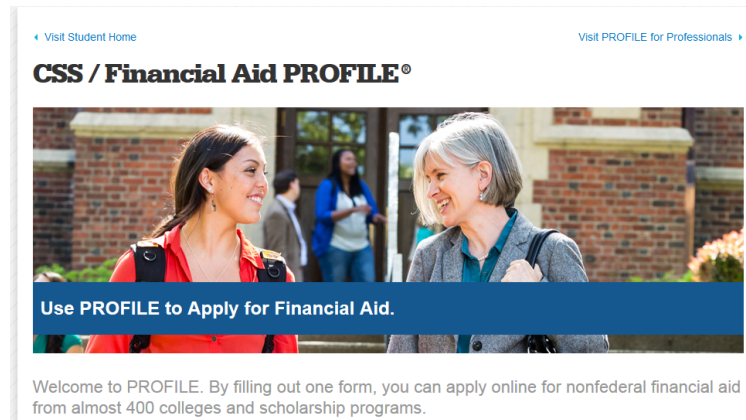
What's on the FAFSA?

- The colleges where you're applying
- Parent and student data
- Parents:
 - Married, including same-sex parents
 - All parents who live together, married or not
 - Divorced/Separated: custodial parent & current spouse
- Income, assets, # in household, # of children in college
- What's an asset?
 - Savings, checking, investments, other property
- What's not an asset?
 - Primary home, retirement, life insurance, family business



Other Financial Aid Applications

- **CSS/Financial Aid PROFILE®**
 - Required by some colleges
 - \$25 for 1st school, \$16 for each additional
 - Online application: **CollegeBoard.org**
 - Noncustodial Parent PROFILE often required
 - MEFA PROFILE webinar recording on MEFA.org



- **College Financial Aid Application**
 - Required by some colleges

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**Don't wait
until you're
accepted to
apply!**

After You Apply

1. Colleges & state receive data electronically
2. You will receive (electronically or by mail):
 - Student Aid Report (SAR)
 - CSS/Financial Aid PROFILE® Acknowledgement
3. Contact the Financial Aid Office with any special circumstances
4. Colleges may request Verification documents. Your financial aid application may be **incomplete** until you submit these documents.
5. Colleges review applications and determine your financial aid



Financial Aid Formula

$$\begin{array}{l} \text{Cost of Attendance (COA)} \\ - \text{Expected Family Contribution (EFC)} \\ \hline = \text{Financial Aid Eligibility} \end{array}$$

**Colleges fill in Financial Aid Eligibility with
financial aid from all sources**

Cost of Attendance

Total expenses for one year of college



TUITION



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Expected Family Contribution (EFC)

- Calculated amount the family has the ability to absorb for one year of college expenses
- Same federal formula used for every family
- Family has the primary responsibility for paying
- Not necessarily what the family *will* pay

Visit mefa.org/tools to use an EFC calculator

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Asset Impact on EFC

An example: 4 in the family, 1 child in college:

	Family A	Family B	Family C
Parent Income	\$60,000	\$60,000	\$60,000
Parent Assets	\$0	\$75,000	\$150,000
EFC	\$5,040	\$6,765	\$10,635
Difference		\$1,725	\$5,595

Based on 2015-16 Federal Methodology



Income Impact on EFC

An example: 4 in the family, 1 child in college:

	Family A	Family B	Family C
Parent Income	\$60,000	\$100,000	\$150,000
Parent Assets	\$50,000	\$50,000	\$50,000
EFC	\$5,745	\$16,252	\$31,609
Difference		\$10,507	\$25,864

Based on 2015-16 Federal Methodology

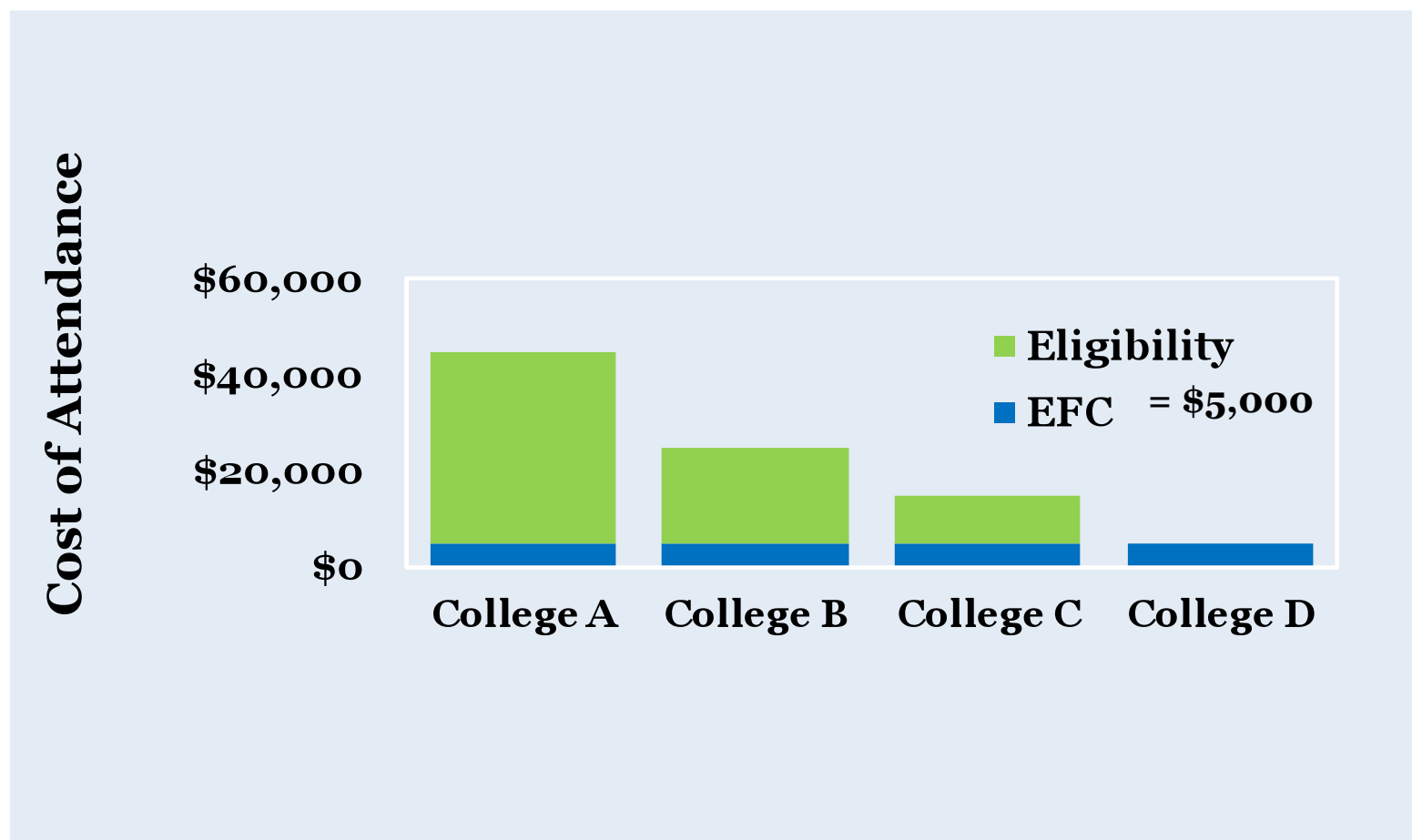


Financial Aid Formula

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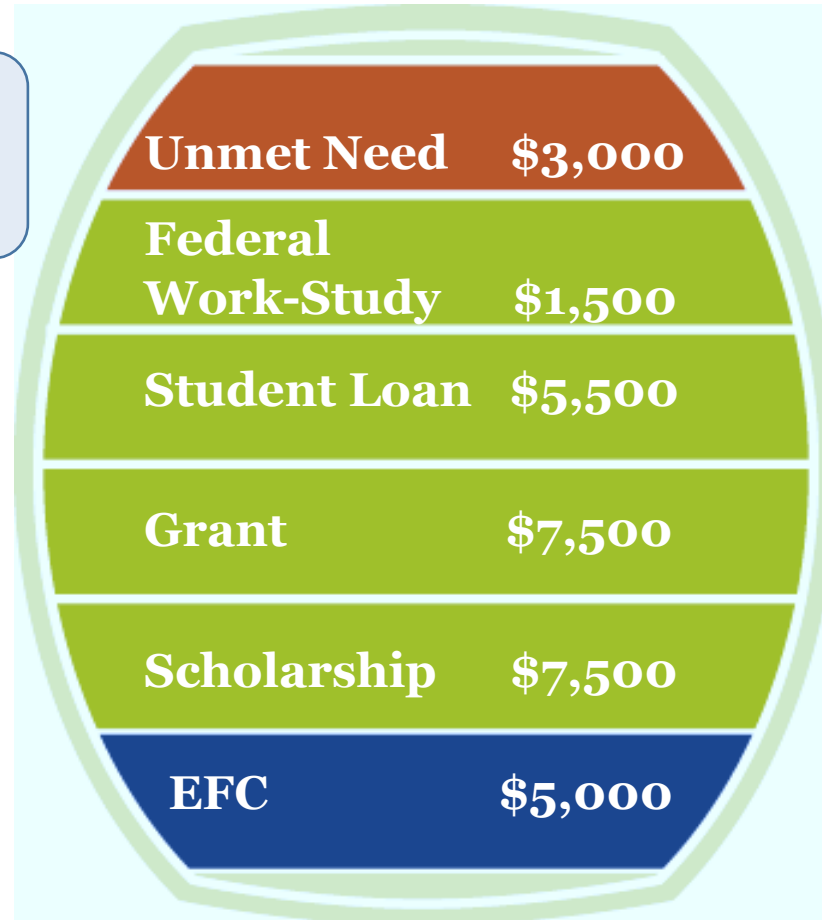
**Colleges fill in Financial Aid Eligibility with
financial aid from all sources**

How the Formula Works



Financial Aid Awarding

**COA =
\$30,000**



This example is an estimate. Unmet need is the FAMILY's responsibility

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Award Letters: Totals Can Vary

COA: \$30,000 EFC: \$5,000 Total Eligibility: \$25,000

	College A	College B	College C
Grants/Scholarships	\$18,000	\$15,000	\$10,000
Student Loans	\$5,500	\$5,500	\$5,500
Work-Study	\$1,500	\$1,500	\$1,500
Total	\$25,000	\$22,000	\$17,000
Unmet Need	\$0	\$3,000	\$8,000

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Award Letters: Types Can Vary

COA: \$30,000 EFC: \$5,000 Total Eligibility: \$25,000

	College A	College B	College C
Grants/Scholarships	\$15,000	\$5,000	\$0
Student Loans	\$5,500	\$5,500	\$5,500
Parent Loan	\$0	\$10,000	\$16,500
Work-Study	\$1,500	\$1,500	\$0
Total	\$22,000	\$22,000	\$22,000
Unmet Need	\$3,000	\$3,000	\$3,000

Filling the EFC and Unmet Need

<i>EXAMPLE</i>		Favorite College
Balance Due		\$20,000
Past Income	<i>Student Savings</i>	-\$1,500
	<i>Parent Savings</i>	-\$4,000
Present Income	<i>Student Contribution to Payment Plan</i>	-\$1,000
	<i>Parent Contribution to Payment Plan</i>	-\$3,500
Future Income	<i>Education Loan</i>	<u>-\$10,000</u>
		\$0

Federal Direct Student Loans

- Student is the sole borrower
- No credit check
- Subsidized and Unsubsidized
- Annual limits
 - \$5500 FR; \$6500 SO; \$7500 JR SR
- 4.66% fixed interest rate for 2014-15
- Repayment:
 - No payments due while enrolled
 - Approximately \$300/month for 10 years for \$27,000 debt



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FAFSA Day


Free assistance in completing the FAFSA!

- Over 30 locations across Massachusetts
- Sunday, January 25, 2015 at 1:00 p.m.
- Other dates and times offered
- All dates and locations listed at **fafsaday.org**
- Sign up for MEFA emails to receive updates



After the Acceptance Seminars

- Provides assistance and clarity on:
 - Financial aid awards
 - College bill
 - Payment plans
 - College loans
 - What to ask the Financial Aid Office
- Locations across MA in late March/April
- Register for MEFA emails to receive location details

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What You Can Do Now

- Research financial aid deadlines & requirements
- Partner with MEFA:
 - Sign up for MEFA emails
 - Connect on social media
 - Subscribe to the blog
 - Bookmark mefa.org
- Share us with your friends!



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Questions or Comments?

**Please take a moment to complete the
seminar evaluation**

Presenter: ___Duane Quinn_____

**mefa.org
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